



An employee publication of the
Texas Department of Criminal Justice

January/February 2016

Volume 23 Issue 3

Policies and Benefits

New consumer-directed health plan option starts September 1

The 84th Legislature directed ERS to create a consumer-directed health plan option, which includes a high-deductible health plan coupled with a health savings account for state employees.

The new consumer-directed health plan will be a health care option available to TDCJ employees and retirees who are not eligible for Medicare. It is important to note that employees can keep their current health plan if they are satisfied. The CDHP is offered in addition to the current health care coverage benefits available to state employees.

There are two components to a CDHP: a high-deductible health plan (HDHP) and a health savings account (HSA).

The key feature of an HDHP is in its name, the high deductible. Participants pay a high annual deductible before the plan pays for most medical and prescription benefits. Preventive services, such as annual checkups, screenings and vaccines, will still be covered at 100 percent. Because of the high deductible, give careful consideration to the potential advantages and disadvantages of participating in the consumer-directed health plan. For example, most people in ERS health plans are accustomed to \$50 per person pre-

scription drug deductible each year, and the deductible in the HDHP will be significantly higher.



The federal government requires high-deductible health plans to have a deductible of at least \$1,300 per individual or \$2,600 per family, but such deductibles are usually considerably higher. This is very different from HealthSelect of Texas and the HMOs, which have deductibles only for prescriptions and out-of-network and out-of-area services. The ERS Board of Trustees voted to adopt the amount of the Plan Year 2017 deductible at the February 23 meeting and will vote on the HDHP premium at the meeting on May 16.

A health savings account allows participants to use pre-tax funds for eligible health care expenses. Unlike the flexible health care spending account many state employees

currently participate in through TexFlex, in the consumer-directed health plan the administrator of the HSA does not approve or deny reimbursements, and participants enjoy tax-free interest earnings and, in some cases, can decide how to invest their funds. Unused funds will roll over to the next year. The state will contribute to every enrollee's account, and employees and retirees can also contribute to their own HSAs, up to a certain amount set by the Internal Revenue Service every year. The ERS Board of Trustees also voted to approve the state's contribution to the health savings account at the February 23 meeting.

Whether you might benefit from the tax and long-term savings advantages of the HSA will depend on the costs incurred through higher deductibles. You should think carefully about your family's finances and health needs before enrolling in the consumer-directed health plan option. Those who wish to join the CDHP can select this coverage during the agency's Summer Enrollment period.

ERS will send out additional information regarding the CDHP through the employee newsletter *News About Your Benefits*, and in the Summer Enrollment packets. You can also visit the ERS website for updates. ●